Hitachi cuts earnings outlook on slowing growth in Asia

The Associated Press

TOKYO, Feb. 4 (Kyodo) — Hitachi Ltd. said Monday it has revised down its group earnings outlook for the current business year through March due to the continuing economic slump in Europe and slowing growth in emerging markets including China and India.

The Japanese electrical machinery manufacturer said it has slashed its group net profit outlook to 150 billion yen, down 56.8 percent from the previous year and 25 percent lower than its projection released in October, as it expects a recovery in global demand for electronics-related products including semiconductors to be delayed.

The company is now expecting a group operating profit of 420 billion yen, down 60 billion yen from its earlier projection but up 1.9 percent from the previous year. It is now projecting consolidated sales of 8.90 trillion yen, down 100 billion yen from its earlier projection and 7.9 percent from the previous year.

Though the company is benefiting from a weaker yen, the positive effects were offset by a lower operating rate, Executive Vice President Toyoaki Nakamura said at a news conference in Tokyo.

"As for the outlook, the slowdown in emerging economies is continuing in addition to prolonged economic stagnation in Europe," he said.

In the nine months to December, the company said its group net profit dropped 40.9 percent from a year earlier to 50.36 billion yen and its operating profit declined 12.7 percent to 231.94 billion yen, on consolidated sales of 6.47 trillion yen, down 5.4 percent.

The company said the decline in sales was also attributable to the effects of a sell-off of a hard disk drive business in the previous business year.

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